

VIA: AIR

BOOK DISPATCH NO. 285

TO: : All Class A Stations

DATE: May 1957

FROM: : Finance Division

SUBJECT: : GENERAL - CONFIDENTIAL
SPECIFIC - Currency Rates

REFERENCE: : Book Dispatch No. 78, dated 25 June 1956

ACTION REQUIRED: Re-examine Procedure for Establishing Currency Rates

1. In connection with recent contacts by the Deputy Comptroller with a number of field stations it was indicated that several Finance Officers have not taken full advantage of the simplification of exchange computations made available by reference.
2. Paragraph 3 of reference authorized the "rounding off" of rates of currency at a point which approximates cost and does not require material adjustments (in relation to total dollar values) to exchange equalization. In addition, paragraph 4 of reference, authorized the recording of new acquisitions of currency at previously determined rates in those instances wherein re-calculation of a new average cost rate for inventory would result in only a nominal change in rate from the previously established rate.
3. It was the intent of reference dispatch to advise Field Certifying Officers that they were authorized to adjust currency rates from actual cost rates as necessary to avoid establishment of new rates in those instances wherein costs of new acquisitions are not such as to result in material distortions of inventory values if recorded at previously established rates.
4. Consistent with the above, established blocks and rates of currency may be continued until such time as a material change in the cost at which currency is acquired makes it inappropriate to continue the established rate and thus requires the establishment of a new block and rate. As a matter of practical application, in those instances where rates of currency remain fairly constant, there is no need to establish a new block of currency on receipt of new acquisitions but such acquisitions may be charged to the existing block at the established rate, with the difference being charged to exchange equalization. Thus it is expected that many stations will in fact be enabled to operate on a "fixed rate" basis.
5. In connection with "rounding off" of rates of currency in order to simplify computations, although paragraph 3 of reference states that, as a general rule, it would appear that rounding off at three (3) digits beyond the

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rate" is such that use of the "official rate" as a "fixed working rate" will not cause a significant distortion of currency inventory values nor result in material over or under statement of expense charges. In such instances there is no objection to adoption of the "official rate" as the "fixed working rate" with appropriate adjustment on acquisition to exchange equalization.

6. In order that the full cost of currency acquisitions will be reflected in the accounts of the receiving station, currency processing stations will continue to transfer funds at the full cost rate with the rate being carried to five digits beyond the decimal point. Receiving stations may, of course, in accordance with the above, adjust the rate to coincide with the rate being used by it if significant variations in cost do not require redeterminations of its "fixed" or "working rate."
7. In the above, the term "working fixed rate" has been used to differentiate between "actual cost" and "official" rates for purposes of clarity in establishing the principle that Field Certifying Officers are authorized to utilize "fixed", "pegged" or "working rates" for convenience and economy in recording expenses wherever in their judgement use of such rates instead of actual cost is believed to be beneficial and the rate used does not result in significant distortion of costs. Such authority does not include the use of such rate for the liquidation of official dollar obligations to organization personnel. In the absence of the specific approval required by [] these obligations should be liquidated by use of the official rate of exchange as legally required in the country concerned. 25X1
8. The policy and procedure authorized in reference and above, has been incorporated in the revision of [] Class A Station Accounting and Reporting Procedure, which is presently in process of coordination. 25X1